



#### **Governing Board and Alternates**

Chair: Jennifer Montgomery, County of Placer

Vice Chair: Kim Douglass, City of Colfax

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Greg Janda, City of Rocklin

Brian Baker, Town of Loomis

Bridget Powers, City of Auburn

Peter Gilbert, City of Lincoln

Alternate Town of Loomis, Miguel Ucovich

Alternate City of Auburn, Cheryl Maki

Alternate City of Lincoln, Dan Karleskint

Alternate City of Rocklin, Scott Yuill

#### **Governing Board Agenda**

**Monday, January 8, 2018, 3:00 pm**

Auburn City Hall, Rose Room

1225 Lincoln Way, Auburn, CA, 95603

- 1) Agenda Approval**
- 2) Public Comment** *Persons may address the Board on items not on this agenda. Please limit comments to 3 minutes per person. The Board is not permitted to take any action on items addressed under Public Comment.*
- 3) Approve the Net Energy Metering Service Policy for Solar Customers p. 1**
- 4) California Public Utilities Commission Proposed Resolution E-4907 p. 6**  
Authorize the Chair to execute a letter to California Public Utilities Commission requesting that Proposed Resolution E-4907 be set aside and that community choice aggregation programs' first-year resource adequacy procurement be addressed in the appropriate CPUC proceeding.
- 5) PG&E Electric Energy Resource Recovery Account (ERRA) Proceeding p. 26**  
Receive an update on the PG&E ERRA Proceeding related to PG&E's proposed rate increases for electric generation and PCIA. Provide direction as may be required.
- 6) Board Member and Executive Director Comments**
- 7) Adjournment**

Pioneer Community Energy is committed to ensuring that persons with disabilities are provided the resources to participate fully in its public meetings. If you are hearing impaired, we have listening devices available. If you require additional disability-related modifications or accommodations, including auxiliary aids or services, please contact the Clerk of the Board. If requested, the agenda shall be provided in appropriate alternative formats to persons with disabilities. All requests must be in writing and must be received by the Clerk five business days prior to the scheduled meeting for which you are requesting accommodation. Requests received after such time will be accommodated only if time permits.



**TO:** The Governing Board  
**DATE:** January 8, 2018  
**FROM:** Jenine Windeshausen, Executive Director  
**SUBJECT:** Approve Net Energy Metering (NEM) Service Policy

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**ACTION REQUESTED**

Approve the Net Energy Metering Service Policy for solar customers.

**BACKGROUND**

On December 11, 2017, after a public hearing, your Board adopted the Net Surplus Compensation (NSC) Rate for NEM customers at \$0.03 per kWh. Net Energy Metering (NEM) applies to customers who generate electricity for on-premises consumption which is generated from renewable sources such as solar, wind and small hydro. In almost all cases, NEM customers generate electricity from solar photovoltaic systems.

Today, your Board is asked to consider approving the Net Energy Metering Service Policy (NEM Policy), which provides the terms for NEM customer charges and credits, and for the true-up of charges and credits. Additionally, the NEM Policy includes a process for monthly settlement of generation credit, time-of-use, and non-time-of use values, and eligibility for annual cash-out of Net Surplus Generation.

Specifically, Pioneer will credit monthly generation against monthly consumption. In months where generation exceeds consumption, the customer's bill will reflect a credit which will roll over to the next month. Credits will be applied against consumption the following month, continuing to accrue until the credit is used or cashed-out.

In months where consumption exceeds generation, generation will be applied against the amount consumed and customers will receive a charge on their bill for the amount consumed in excess of the amount generated.

In April of each year, starting in 2019, Pioneer will true-up NEM customers at \$0.03 per kWh for Net Surplus Generation, which is slightly higher than PG&E's rate. Those Net Generators (those whose generation exceeds their consumption throughout the prior twelve months) with true-up amounts of \$25 or more will be issued a check for their Net Generation. Those Net Generators with true-ups less than \$25 will maintain a credit balance on their bill, which will be applied against future consumption. At this time, any credit balance of Net Consumers (those whose consumption exceeds their generation throughout the prior twelve months) will be set to zero. Additionally, the maximum amount of NSC is \$5,000, and NSCS is not available for unoccupied or non-operational facilities.



**FISCAL IMPACT**

The Pioneer Board approved a net surplus generation rate of \$0.03/kWh at its December 11, 2017 rate hearing. Approval of the Net Energy Metering Service Policy does not create any additional fiscal impact.

**ATTACHMENTS**

Proposed Net Energy Metering (NEM) Service Policy





## **PROPOSED NET ENERGY METERING (NEM) SERVICE POLICY**

### **APPLICABILITY:**

#### PG&E NEM Services:

Pioneer NEM customers are subject to the conditions and billing procedures of PG&E for their non-generation services, as described in PG&E's Electric Schedule NEM and related PG&E tariff options addressing NEM service. Pioneer is responsible for generation services and related charges, PG&E will continue to provide delivery, transmission and other services ("non-generation services"), including charges for such services. Many NEM customers will receive an annual true-up statement from PG&E for these non-generation services. Customers are encouraged to review PG&E's most up-to-date NEM tariffs, which are available from PG&E.

This net energy metering (NEM) schedule is applicable to a customer who uses an eligible Renewable Electrical Generation Facility, as defined in PG&E's Electric Schedule NEM (<http://www.pge.com/tariffs/ERS.SHTML#ERS>), within the capacity limits described in PG&E's Electric Schedule NEM that is located on the customer's owned, leased, or rented premises, is interconnected and operates in parallel with PG&E's transmission and distribution systems, and is intended primarily to offset part or all of the customer's own electrical requirements (hereinafter "eligible customer-generator" or "customer").

Pursuant to PG&E's program, this rate schedule is available on a first-come, first-served basis to customers that provide PG&E with a completed PG&E NEM Application and comply with all PG&E NEM requirements, as described in PG&E Electric Schedule NEM. This includes customers served by NEMV (Virtual Net Energy Metering), NEMVMASH (Virtual Net Energy Metering for Multifamily Affordable Housing), NEMA (NEM Aggregation) and Multiple Tariff facilities, as described by PG&E Electric Schedule NEM.

**TERRITORY:** The entire Pioneer Community Energy (Pioneer) service area.

**NET SURPLUS COMPENSATION (NSC) RATE:** Pioneer's NSC rate shall be \$0.03/kWh until re-set by its Governing Board.

**RATES:** All rates charged under this schedule will be in accordance with the eligible customer-generator's "otherwise-applicable Pioneer rate schedule" (OAS). An eligible customer-generator served under this schedule is responsible for all charges from its OAS including monthly minimum charges, customer charges, meter charges, facilities charges, demand charges and surcharges, and all other charges owed to Pioneer or PG&E. Charges for energy (kWh) supplied by Pioneer will be based on the net metered usage in accordance with Pioneer's rate schedule.



**BILLING AND TRUE-UP SETTLEMENT:** Customers with NEM service will be billed as follows:

a) For a customer with Non-Time of Use (TOU) Rates:

Any net consumption or production shall be valued monthly, as follows:

If the eligible customer-generator is a "Net Consumer," having overall positive usage over a billing cycle, the eligible customer-generator will be billed in accordance with the eligible customer-generator's OAS.

If the eligible customer-generator is a "Net Generator," having overall negative usage over a billing cycle, any net energy production shall be valued at the OAS. The calculated value of any net energy production shall be credited to Pioneer customers, as described in Section (c).

b) For a customer with Time of Use (TOU) Rates:

If the eligible customer-generator is a Net Consumer (as defined above) during any discrete TOU period, the net kWh consumed during such period shall be billed in accordance with applicable TOU period-specific rates/charges, as described in the eligible customer-generator's OAS.

If the eligible customer-generator is a Net Generator (as defined above) during any discrete TOU period, the net kWh produced during such period shall be valued in consideration of the applicable TOU period-specific rates/charges, as described in the eligible customer-generator's OAS. The calculated value of any net energy production during a specific TOU period shall be credited to Pioneer customers, as described in Section (c).

c) Monthly Settlement of Pioneer Charges/Credits:

NEM customers will receive a statement in their monthly PG&E bills indicating any accrued charges for their usage during the current billing cycle. Customers who have accrued credits during previous billing cycles will see these credits applied against current charges. Any remaining balance is due and must be paid during each monthly billing cycle.

When a customer's net energy production results in a net bill credit over a billing cycle, the value of any net energy production during the billing cycle shall be noted on the customer's bill and carried over as a bill credit for use in subsequent billing period(s).

d) Pioneer Annual Cash-Out:

Cash-Out Eligibility: Any credit balance eligible for participation in Pioneer's cash-out program will be determined as-of the final date of the customer's March-April billing cycle. When determining cash-out eligibility, only Net Generators, as measured over the preceding twelve (12) calendar months of Pioneer service (or the portion of such period during which the customer received service from Pioneer), will be eligible for Pioneer's cash-out program. Any Net Consumers, as measured over the preceding twelve (12) calendar months of Pioneer service (or the portion of such period during which the customer received service from Pioneer), will have available Pioneer credit balances set to zero.

For Net Generators, the potential cash-out balance will be determined in the following manner: aggregate negative usage, as measured over the preceding twelve (12) calendar months (or the portion of such period during which the customer received service from Pioneer), shall be

multiplied by Pioneer's NSC rate; the resultant product shall be the amount eligible for Pioneer's annual cash-out program, pursuant to the provisions below.

During the April billing cycle of each year, all current Pioneer NEM customers who are Net Generators with a Net Surplus Generation totaling \$25 or more, will be issued a direct payment by check for this balance. The maximum NSC amount shall be \$5,000. Such checks shall be sent to each eligible customer's billing address. Upon issuance of such payment, the customer's associated credit balance will be set to zero.

For customers with Net Surplus Generation totaling less than \$25, such balances will continue to be tracked and shall remain available to offset future Pioneer charges.

Customers who close their electric account through PG&E or move outside of the Pioneer service area prior to the April billing cycle of each year, are also eligible for the annual Pioneer cash-out process. Such processes will be administered in consideration of the provisions described in this section (section d), with any potential cash-out amounts distributed to such customers via check.

NSC is not available for unoccupied or non-operational facilities.

#### **RETURN TO PG&E BUNDLED SERVICE:**

Pioneer customers with NEM service may return to PG&E bundled service, at any time. Customers should be advised that PG&E will perform a true-up of their account at the time of return to PG&E bundled service, and that PG&E's standard terms for transitional electric generation rates apply to customer returns with less than a six-month advance notice, if they have been a Pioneer customer for 60 days or more.

If a Pioneer NEM customer opts-out of the Pioneer program and returns to PG&E bundled service, that customer may request to cash-out any remaining generation credits, subject to the provisions described in section d (above) of this tariff, provided that the request is received by Pioneer within ninety (90) calendar days of the customer's return to PG&E service.

#### **AGGREGATED NEM**

Per the California Public Utilities Commission Section 2827(h)(4)(B), aggregated NEM customers are "permanently ineligible to receive net surplus electricity compensation." Therefore, any excess accrued credits over the course of a year under an aggregated NEM account, are ineligible for Pioneer's annual Cash-Out as in section (d). All other NEM rules apply to aggregated NEM accounts.



**TO:** The Governing Board

**DATE:** January 8, 2018

**FROM:** Jenine Windeshausen, Executive Director

**SUBJECT:** California Public Utilities Commission Proposed Resolution E-4907

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**ACTION REQUESTED**

Authorize the Chair to execute a letter to California Public Utilities Commission requesting that Proposed Resolution E-4907 be set aside and that community choice aggregation programs' first-year resource adequacy procurement be addressed in the appropriate CPUC proceeding.

**BACKGROUND**

On December 8, 2017, the California Public Utilities Commission (CPUC) issued a notice to San Diego Gas and Electric Company, Pacific Gas and Electric Company and Southern California Edison and other interested parties of its intent to place Proposed Resolution E-4907 (attached), related to the submission and certification timelines of Community Choice Aggregation program (CCA) Implementation Plans (IP) on the CPUC agenda for January 11, 2018.

Pioneer must submit and have certified an addendum to its IP before it can serve load in Liberty Utility territory. If adopted, the proposed resolution may significantly impact the timeline under which Pioneer is able to serve load in the Liberty Utility territory. The proposed resolution contains an apparent exemption related to Small and Multi-Jurisdictional Utility Territories (SMJU). However, Pioneer has not been able to obtain clarification or confirmation from CPUC staff as to the applicability of the proposed resolution to Pioneer's planned service of Liberty Utility territory. Pioneer's current service territory is unaffected.

Pursuant to California Public Utilities Code, each CCA must submit an IP and receive CPUC certification of the IP prior to serving load. The IP is required to include certain information about the CCA and how it will conduct its business and comply with all applicable laws. Proposed Resolution E-4907 makes substantial changes to the Implementation Plan (IP) certification process for CCAs, particularly with regard to the timeline for submission of IP. PUC Section 366.2(c)(7) states the CPUC's role is to certify receipt of the IP and that the IP includes the required information. To date, the CPUC has provided certification for 13 CCAs within the required 90 day period, in accordance with the current timeline, which was established through a prior CPUC proceeding.



If adopted, the Proposed Resolution will circumvent the proceeding process, which provides for stakeholders to participate in the process of fleshing out issues and proposing solutions. PUC code does not specify IP submission timelines. The Proposed Resolution E-4907 uses this loophole to create an annual submission cycle. Further, the proposed resolution applies retro-actively, in that any IP filed after December 8, 2017, must comply with the proposed resolution. Therefore, IPs filed between December 9 and December 31 of 2017 will be subject to the new timeline, and the associated CCA cannot begin to serve load prior to January 1, 2019. For any IPs filed in 2019, the proposed resolution would prohibit the associated CCA from serving load before January 1, 2020.

The CPUC has indicated that the purpose of the proposed resolution is to address misalignment between new CCA procurement of required Resource Adequacy (RA), and the annual RA program timelines. As you are aware, RA requirements are intended to ensure electric system grid (the Grid) reliability by requiring all Load Serving Entities (LSEs) to purchase excess capacity that may be called upon to offset generation outages elsewhere in the Grid. All CCAs to-date, including Pioneer, have procured at least the mandated amounts of RA prior to serving load. If a CCA begins serving load during the annual RA cycle, it is likely that the underlying Investor Owned Utility (IOU) has already purchased the required RA for the CCA territory's load. As a result, the IOU has excess RA. While there is likely a number of alternatives for addressing this, including allowing the CCA to purchase the IOU's excess RA for the current annual RA cycle, the CPUC has proposed aligning CCA implementation with the annual RA program cycle.

The last page of Proposed Resolution E-4907 shows the current timeline and the proposed timeline for IP submission and certification, which creates a one-year cycle for submission and certification of an IP.

As stated above, the Proposed Resolution includes an apparent exemption for Small and Multi-Jurisdictional Utility Territories. The Proposed Resolution specifically states: *"Should a CCA form in a Small and Multi-jurisdiction Utility (SMJU) territory, various procedural, cost-shifting, and other potential issues will be presented. Those issues are not being addressed in this Resolution, but the Commission expects to address these issues in an as yet determined forum."*

CalCCA (the CCA trade association) has filed a motion to have the excess RA addressed in a current CPUC proceeding on RA (Rulemaking 17-09-020). There has also been considerable statewide effort at both the CPUC and legislative level to have the proposed resolution set aside. Due to the statewide effort, the original comment period on the proposed resolution has been extended to January 11, 2018.

As a result of the proposed resolution, and its potential impact on Pioneer's timeline for serving Liberty Utility territory, and in support of other cities and counties who have spent considerable resources on implementation of a CCA, which may now be significantly delayed, it is recommended that your Board authorize the Chair of the Board to sign a letter to the CPUC

requesting that the proposed resolution be set-aside and that the current RA circumstances be addressed in the appropriate CPUC proceeding.

**FISCAL IMPACT**

No direct fiscal impact related to the requested action.

**ATTACHMENTS**

California Public Utilities Commission Proposed Resolution E-4907

DRAFT

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION

Agenda ID #16190  
RESOLUTION E-4907  
January 11, 2017

**R E S O L U T I O N**

**Resolution E-4907. Registration Process for Community Choice Aggregators.**

**PROPOSED OUTCOME:**

- This resolution would publish and implement a registration process for Community Choice Aggregators.

**SAFETY CONSIDERATIONS:**

- There is no impact on safety.

**ESTIMATED COST:**

- Potential unquantifiable bundled ratepayer savings due to elimination of cost shifting of resource adequacy costs.

By the Commission's own initiative.

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**SUMMARY**

The Commission through this Resolution proposes an informal process of review of Community Choice Aggregation (CCA) Implementation Plans pursuant to the requirements and directives of Public Utilities Code Section 366.2<sup>1</sup> and Decision (D.) 05-12-041. This process of review will coordinate with the timeline of the mandatory forecast filings of the Commission's Resource Adequacy program to ensure that newly launched and expanding CCAs comply with Resource Adequacy requirements, as established by Section 380, before they serve customers.

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<sup>1</sup> All further references are to the Public Utilities Code unless otherwise specified.



This Resolution will require Community Choice Aggregators (CCAs) to submit to a process that includes a timeline for submission of Implementation Plans; a requirement to “meet and confer” between the CCA and the incumbent utility that can be triggered by either the CCA or the utility; a registration packet including a CCA’s service agreement and bond; and a Commission authorized date to begin service.

This Resolution, in part, is responsive to the directive of D.05-12-041 instructing the Executive Director to publish steps for the submission of Implementation Plans, and addresses the current rapid growth of CCA programs. The filing deadlines in this Resolution are intended to coordinate with the timeline for mandatory forecast filings in the Resource Adequacy program.

## **BACKGROUND**

### **Overview of Community Choice Aggregation**

In 2002 the State Legislature enacted Assembly Bill (AB) 117 (codified at Section 366.2), authorizing the creation of Community Choice Aggregators (CCAs). The Commission implemented the provisions of AB 117 in D.04-12-046, and D.05-12-041, among other Decisions.

D.05-12-041 directed the Executive Director to prepare and publish instructions for CCAs and utilities which would provide a forum for the CCA and the utility to understand the CCA’s implementation plans and to assure that the CCA is able to comply with utility tariffs. The instructions should include a timeline and descriptions of the procedures for submitting and certifying receipt of the Implementation Plan, notice to customers, and notice to CCAs of the appropriate Cost Responsibility Surcharge (CRS) and registration of CCAs.

After D.05-12-041, no CCA came into formation until 2010 with the launch of Marin Clean Energy. From 2010 to 2015, two CCAs launched serving approximately 135,000 customer accounts statewide. From 2016 to 2017, CCA formation accelerated and 12 more communities launched or submitted CCA Implementation Plans to the Commission. As a result of this rapid growth in CCAs, it is appropriate now to address the directives of D.05-12-041 to create and publish processes for CCA implementation and registration.

**Overview of CCA Implementation Plan Requirements**

Section 366.2 authorizes the aggregation of electric loads by CCAs and establishes the broad requirements for implementing a CCA program. Section 366.2 grants the Commission authority over CCA implementation, and includes directives on the policy requirements of CCA programs, necessary implementation documents, timing requirements and deadlines for CCA implementation.

Section 366.2(c)(8) establishes the authority of the Commission to designate a CCA's start date with consideration of the impact on the electrical corporation's annual procurement:

No entity proposing community choice aggregation shall act to furnish electricity to electricity consumers within its boundaries until the commission determines the cost recovery that must be paid by the customers of that proposed community choice aggregation program, and provided for in subdivisions (d), (e), and (f). The commission shall designate the earliest possible effective date for implementation of a community choice aggregation program, taking into consideration the impact on any annual procurement plan of the electrical corporation that has been approved by the commission.<sup>2</sup>

**Policy Requirements for CCAs**

Any CCA program must provide for universal access, reliability, equitable treatment of all classes of customers, and fulfill requirements established by state law or by the commission concerning aggregated service.<sup>3</sup>

Section 366.2 (c) (4) states:

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<sup>2</sup> Section 366.2(c)(8).

<sup>3</sup> Section 366.2(c)(4).

A community choice aggregator establishing electrical load aggregation shall prepare a statement of intent with the implementation plan. Any community choice load aggregation established pursuant to this section shall provide for the following:

- (A) Universal access.
- (B) Reliability.
- (C) Equitable treatment of all classes of customers.
- (D) Any requirements established by state law or by the commission concerning aggregated service, including those rules adopted by the commission pursuant to paragraph (3) of subdivision (b) of Section 8341 for the application of the greenhouse gases emission performance standard to community choice aggregators.

Additionally, the implementation of a CCA program "shall not result in a shifting of costs between the customers of the community choice aggregator and the bundled service customers of an electrical corporation."<sup>4</sup>

#### Implementation Documents and Requirements

Section 366.2 requires that CCAs submit an Implementation Plan and a Statement of Intent to the Commission and sets forth seven elements that Implementation Plans, and any subsequent changes to implementation plans, must contain.<sup>5</sup> Section 394.25(e) also requires that "an electric

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<sup>4</sup> Section 366.2 (a)(4).

<sup>5</sup> Section 366.2(c)(3) requires that Implementation Plans and any subsequent changes to implementation plans must be considered and adopted at a duly noticed public hearing and must contain all the following: (A)An organizational structure of the program, its operations, and its funding.(B)Ratesetting and other costs to participants, (C)Provisions for disclosure and due process in setting rates and allocating costs among participants. (D)The methods for entering and terminating agreements with other entities. (E)The rights and responsibilities of program participants, including, but not limited to, consumer protection procedures, credit issues, and shutoff procedures. (F)Termination of the program. (G)A description of the third



service provider or community choice aggregator shall post a bond or demonstrate insurance sufficient to cover those reentry fees” in the event of an involuntary return of CCA customers back to bundled service.<sup>6</sup>

#### Timing and Deadlines

The Public Utilities Code establishes requirements that direct the Commission how and when to respond to Implementation Plan filings. Within 10 days of an Implementation Plan filing, the Commission must notify the respective electrical cooperation of the filing.<sup>7</sup> Additionally, within 90 days of the filing of an Implementation Plan, the commission must “certify that it has received the plan” as well as provide the CCA with its findings regarding cost recovery.<sup>8</sup>

Finally, the CCA “shall register with the Commission, which may require additional information to ensure compliance with basic consumer protection rules and other procedural matters.”<sup>9</sup>

#### Overview of CCA Resource Adequacy Requirements

As more CCAs launch, it is important to consider how a registration process interacts with a CCA’s compliance with its Resource Adequacy requirements.

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parties that will be supplying electricity under the program, including, but not limited to, information about financial, technical, and operational capabilities.

<sup>6</sup> Regarding the bond requirement in Section 394.25(e), in 2007 the Commission established in Resolution E-4133 an interim bond amount of \$100,000. Currently the Commission is examining the permanent CCA bond calculation methodology in R.03-10-003.

<sup>7</sup> Section 366.2(c)(7) states:

Within 90 days after the community choice aggregator establishing load aggregation files its implementation plan, the commission shall certify that it has received the implementation plan, including any additional information necessary to determine a cost-recovery mechanism. After certification of receipt of the implementation plan and any additional information requested, the commission shall then provide the community choice aggregator with its findings regarding any cost recovery that must be paid by customers of the community choice aggregator to prevent a shifting of costs as provided for in subdivisions (d), (e), and (f).

<sup>8</sup> Section 366.2(c)(7).

<sup>9</sup> Section 366.2(c)(15).

All Load-Serving Entities (LSEs) are subject to Resource Adequacy (RA) requirements pursuant to Section 380. Section 380(k) defines LSEs to include CCAs. Additionally, D.05-12-041 in Conclusion of Law 19 states that "The utilities will not procure power on behalf of CCA customers as part of their resource adequacy planning."

The Commission in D.04-10-035 adopted a protocol which required LSEs to submit load forecasts using their best estimates of future customers and their loads. The Commission established a preliminary load forecast submission timeline in D.05-10-042.<sup>10</sup>

There are two mandatory annual load forecast deadlines that an LSE must comply with in order to receive an annual RA obligation responsibility for the following year.<sup>11</sup> First, an LSE must file a preliminary load forecast by mid-April for the following calendar year. An LSE then must file a revised forecast in August.<sup>12</sup> The August forecast was intended to refine and improve the accuracy of April forecast.<sup>13</sup>

The timeline of RA load forecast submissions has practical implications for newly forming CCAs and expanding CCAs. If an existing or pre-operational CCA does not submit an annual load forecast, they are not allocated a year-ahead RA obligation for the following year. In this scenario, the incumbent utility remains responsible for that load and procures RA for those customers, even if those

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<sup>10</sup> D.05-10-042, page 83.

<sup>11</sup> D.04-10-035 adopted a protocol whereby LSEs are required to submit load forecasts using their best estimates of future customers and their loads. D.05-10-042 at page 83 specified the preliminary load forecast submission timeline and set April 15 as the date for the submission of preliminary load forecasts. D.11-06-022 at page 38 modified the year-ahead forecast timeline to include optional revisions to be submitted by Aug. 19th of each year. D.17-06-027 ordered that the revised August forecast be mandatory.

<sup>12</sup> Although D.11-06-022 modified the year-ahead forecast timeline to include optional revisions to be submitted by Aug. 19th of each year, later D.17-06-027 (OP 7) ordered that the revised August forecast be mandatory. The exact date of the August deadline varies by year.

<sup>13</sup> D.17-06-027, Finding of Fact 11.

customers are about to be served by a CCA. This scenario is most likely to occur if a CCA launches or expands service to customers (or additional customers in the case of an existing, yet expanding CCA) after the RA annual load forecast deadlines without filing an annual load forecast.

As a result, the utilities incur short-term power purchase costs for the customers of CCAs in their launch or expansion year. Utilities procuring for CCAs in their first launch or expansion year creates a cost shifting challenge. D.11-12-018 excluded power purchase transactions less than a year in term from the total portfolio calculation of the Power Charge Indifference Adjustment (PCIA). Consequently, Resource Adequacy contracts of over one year are captured by the PCIA, but Resource Adequacy contracts of less than one year are not captured by the PCIA. Therefore, such costs are borne by bundled customers, potentially resulting in millions of dollars annually of stranded costs and potentially in contravention of the indifference requirement of Section 366.2

Energy Division issued data requests to PG&E confirming the existence of stranded costs. Responses to these data requests were confidential because of the market-sensitive information they contain.

However, public information illustrates the scale of load migration happening in the year-ahead RA program. Existing and new CCAs that were not a part of the year ahead 2018 RA process but plan to serve load in 2018 would have been allocated a System Peak RA requirement of approximately 3,616 MW and a local RA requirement of approximately 1,793 MW. These year-ahead RA requirements were met by the utilities that currently serve these customers. Some of these costs are recovered by the PCIA, however, any contracts less than one year are not captured by the PCIA and are borne by remaining bundled customers. Due to the confidentiality of utility's market position, the proportion of those contracts that are less than one year cannot be disclosed publicly.

In addition, if the California Independent System Operator (CAISO) procures back-stop capacity through its capacity procurement mechanism (CPM), it appears based on the CAISO's tariff language these costs will be allocated only to those LSEs that exist at the time of the designation (annual designations would



occur in December, before the compliance year). It is not yet clear if the PCIA addresses this potential cost-shifting issue.

### **DISCUSSION**

D.05-12-041 ordered the Executive Director to develop and publish two distinct processes in Ordering Paragraphs (OP) 8 and 10 of that Decision.

#### **D.05-12-041 Ordering Paragraph 8 Implementation**

**Ordering Paragraph 8 requires the Executive Director to develop and publish the steps of an informal process of review that provides a forum for the CCA and the utility to understand the CCA's Implementation Plans and assures that the CCA is able to comply with the utility's tariffs.**

The goal of this "forum" is to "facilitate the smoother operation of the CCA where its policies, practices, and decisions may affect the utility and its customers."<sup>14</sup> The operation and launch of a CCA program inherently requires logistical coordination between the utility and the CCA, and many CCA-utility partnerships must engage in these kinds of information-sharing discussions to facilitate smooth transitions to CCA service.

In order to comply with the directive of Ordering Paragraph 8, at the request of either the CCA or the utility, the parties must "meet and confer" as soon as reasonably practical. If the first attempts at resolution are not successful, the parties are required to meet in person. Should the parties be unable to reach consensus after the in-person meeting(s), either party may request that Energy Division assist by sponsoring a moderated in-person discussion between the parties. Such a request should come in the form of a request to the Director of Energy Division explaining the general nature of any unresolved issues regarding CCA compliance with utility tariffs. During the "meet and confer" parties shall discuss the contents of the CCA's Implementation Plan and any relevant issues with compliance with utility tariffs.

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<sup>14</sup> OP 8, D.05-12-041.

D.05-12-041 Ordering Paragraph 10 Implementation

**Ordering Paragraph 10 of D.05-12-041 requires the Executive Director to prepare and publish instructions for CCAs and utilities that includes a timeline and describes the procedures for submitting and certifying receipt of the Implementation Plan, notice to customers, notice to CCAs of the appropriate Cost Responsibility Surcharges (CRS), and registration of CCAs.**

Adopted Timeline

Appendices A and B of this Resolution include a timeline of the CCA registration process, including the timeline adopted by this Resolution.

The Prior Timeline in Appendix B reflects the current practice of CCA registration. The statutory deadlines in the Prior Timeline were established in Section 366.2. However, several milestones in the Registration process did not have deadlines defined by statute. These milestones are represented as “undefined” in the Prior Timeline. D.12-05.041 included an illustrative registration timeline based on statutory deadlines associated with CCA Implementation.<sup>15</sup>

The Adopted Timeline modifies the Prior Timeline and the Illustrative Timeline (proposed in D.05-12-041 Attachment D) in several respects. First, the Adopted Timeline includes a deadline by which Implementation Plans must be received in order for CCAs to serve new load beginning January 1 of the following year. The goal of this requirement is to assist the proposed CCA in securing the certification and registration within enough time to file its preliminary load forecast by mid-April in order to serve load the following calendar year.

Second, the Adopted Timeline includes the Meet-and-Confer option for the CCA and the utility to discuss how the CCA will conform its operations to the utility’s tariff requirements. Third, the Adopted Timeline includes the deadlines for submission of CCA RA load forecasts in the year prior to a CCA beginning to

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<sup>15</sup> D.05-12-041, Attachment D.

serve load. Fourth, the Adopted Timeline includes a deadline by which the CCA must submit its Registration Packet and receive confirmation of registration.

In order to coordinate the launch of a new or expanding CCA with the RA requirements, the Implementation Plan and Statement of Intent must be submitted to the Commission on or before January 1 in order to serve load in the following year.<sup>16</sup>

This requirement is authorized by Section 366.2(c)(4), which requires a CCA to “provide for universal access, reliability, equitable treatment of all classes of customers, **and any requirements established by state law or by the commission concerning aggregated service.**”<sup>17</sup> Additionally, Load-Serving Entities, including CCAs, must comply with RA requirements pursuant to Section 380(a). Current RA rules require all LSEs to file an annual load forecast if they plan to serve load in the following year. Additionally, Section 366.2(c)(8) also supports this action and compels the Commission to “designate the earliest possible effective date for implementation of a community choice aggregation program, taking into consideration the impact on any annual procurement plan of the electrical corporation that has been approved by the commission.”

Thus, in order to comply with the year-ahead RA process, Implementation Plans, including Implementation Plans of an existing CCA that expands its territory, must be received by January 1 in order to serve load in the following year.

#### CCAs Forming in Small and Multi-Jurisdictional Utility Territories

Should a CCA form in a Small and Multi-Jurisdictional Utility (SMJU) territory, various procedural, cost-shifting, and other potential issues will be presented. Those issues are not being addressed in this Resolution, but the Commission expects to address these issues in an as yet determined forum.

#### Procedural Components for CCA Implementation Plans

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<sup>16</sup> For example, a new or expanding CCA intending to serve new load in 2019 must submit its Implementation Plan on or before January 1, 2018.

<sup>17</sup> Section 366.2(c)(4), emphasis added.

Procedure for Submission and Certification of Receipt

This Resolution adopts a new deadline for submission of Implementation Plans. Implementation Plans will be submitted to the Director of the Energy Division both via email and a hard copy by January 1 in order to serve load in the following year. Within 90 days of receiving an Implementation Plan, the Energy Division will certify that the plan has been received in a letter to the CCA. This letter also will be copied via email to the incumbent utility.

Notice to Customers

This Resolution adopts no changes for Notice to Customers. Implementation Plans shall include the timing of notices sent to utility customers who will be transitioned to CCA service.

Notice to Customers of the Appropriate Cost Responsibility Surcharge (CRS)

This Resolution adopts no changes for Notice to Customers of the Appropriate CRS. The current Cost Responsibility Surcharge (CRS) has three major components: the Department of Water Resources (DWR) Bond Charge, the Competitive Transition Charge, and the Power Charge Indifference Adjustment (PCIA).

CCAs shall include in their Implementation Plans how they will notify customers of the applicable CRS. The PCIA methodology is currently under consideration in R.17-06-026.

Registration of CCAs

This Resolution adopts two new deadlines for CCA registration. First, this Resolution requires that a CCA submit its registration packet to the CPUC within 90 days of filing its Implementation Plan. Second, this Resolution requires that if the Registration Packet is complete, the CPUC will confirm the CCA's registration within 120 days of the CCA filing its Implementation Plan.

In order to register, a CCA must submit a registration packet including a signed service agreement with the utility and a bond pursuant to Section 394.25 (e). The interim bond amount was set to \$100,000 in Resolution E-4133 (2007) and the amount of the bond is currently under consideration in R.03-10-003.



Once a bond has been submitted, Energy Division will issue a registration letter confirming completion of all registration requirements. After a potential or expanding CCA has fulfilled the above requirements, it may initiate service to its new customers no earlier than the service date authorized by this Resolution.

### **COMMENTS**

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review and comment prior to a vote of the Commission. The draft Resolution was mailed for Comments on December 8, 2017, and will be placed on the Commissioner's agenda for the January 11, 2017 Commission meeting.

### **FINDINGS AND CONCLUSIONS**

1. Ordering Paragraph 8 of D.05-12-041 requires that the Executive Director develop and publish the steps of an informal process of review that provides a forum for the CCA and the utility to understand the CCA's implementation plans and assures the CCA is able to comply with utility tariffs.
2. Ordering Paragraph 8 of D.05-12-041 requires that the forum be mandatory at the request of either the utility or the CCA and where the request is presented in writing with a recitation of disputed items or areas of concern. The process shall implicate no approvals, either formal or informal, from the Commission. Utility tariffs shall describe the meet and confer process for resolving disputes over operational issues prior to initiation of services.
3. The Commission should develop and publish the steps of an informal process of review that provides a forum for CCAs and utilities as directed in Ordering Paragraph 8 of D.05-12-041.
4. Ordering Paragraph 10 of D.05-12-041 requires the Executive Director to prepare and publish instructions for CCAs and utilities that includes a timeline and describes the procedures for submitting and certifying receipt of the Implementation Plan, notice to customers, notice to CCAs of the appropriate

5. The Commission should prepare and publish instructions for CCAs and utilities that includes a timeline and describes the procedures for submitting and certifying receipt of the Implementation Plan, notice to customers, notice to CCAs of the appropriate Cost Responsibility Surcharge (CRS), and registration of CCAs. Cost Responsibility Surcharge (CRS), and registration of CCAs.
6. CCAs must comply with the Resource Adequacy requirements as set forth in Public Utilities Code Section 380 before beginning service.

**THEREFORE IT IS ORDERED THAT:**

1. Within 14 days of the effective date of this Resolution, Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas and Electric Company (SDG&E), shall update their tariffs and submit Tier 2 Advice Letters with the adopted timeline and procedures listed in Appendix A.
2. Prospective or expanding Community Choice Aggregators who have not yet submitted an Implementation Plan as of December 8, 2017 shall file their Implementation Plans pursuant to the adopted timeline and procedures listed in Appendices A and B. This Resolution is not retroactive.
3. Commission staff will process Implementation Plans pursuant to the adopted timeline and procedures listed in Appendices A and B.
4. Prospective or expanding Community Choice Aggregators that have not yet submitted Implementation Plans to the Commission shall fulfill the Resource Adequacy portion of Appendices A and B prior to initiating service to customers.
5. The Commission will revisit this process, if necessary, depending on the outcome of R.03-10-003 or successor proceedings.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on January 11, 2018; the following Commissioners voting favorably thereon:

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TIMOTHY SULLIVAN  
Executive Director

## Appendix A: Adopted CCA Registration Timeline and Procedures

Date	Action
<b>Day 1, Year 1</b> (On or before January 1 Year 1) <sup>18</sup>	(1) The prospective or expanding CCA submits its Implementation Plan to Energy Division and serves it on the R.03-10-003 Service List, on the R.16-02-007 Service List, and on the R.17-09-020 Service List, or successor proceedings.
<b>Day 1 – 10, Year 1</b>	(1) The CPUC notifies the Utility servicing the customers that are proposed for aggregation that an implementation plan initiating their CCA program has been filed.
<b>Day 1 – 60, Year 1</b>	<p>(1) The CCA provides a draft customer notice to CPUC's Public advisor.</p> <p>(2) Within 15 days of receipt of the draft notice, the Public Advisor shall finalize that notice and send it to the CCA.</p>
<b>DAY 1 – 90, Year 1</b>	<p>(1) The CPUC sends a letter confirming that it has received the Implementation Plan and certifying that the CCA has satisfied the requirements of an Implementation Plan pursuant to Section 366.2(c) (3). This letter informs the CCA about the cost recovery mechanism as required by P.U. Code Section 366.2(c)(7).</p> <p>If and when the CPUC requests additional information from a CCA, the CCA shall respond to CPUC staff within 10 days, or notify the staff of a date when the information will be available.</p> <p>(2) The CPUC provides the CCA with its findings regarding any cost recovery that must be paid by customers of the CCA in order to prevent cost shifting. (P.U. Code Section 366.2 (c) (7).)</p> <p>(3) The CCA and the Utility should Meet-and-Confer regarding the CCA's ability to conform its operations to the Utility's tariff requirements.</p>

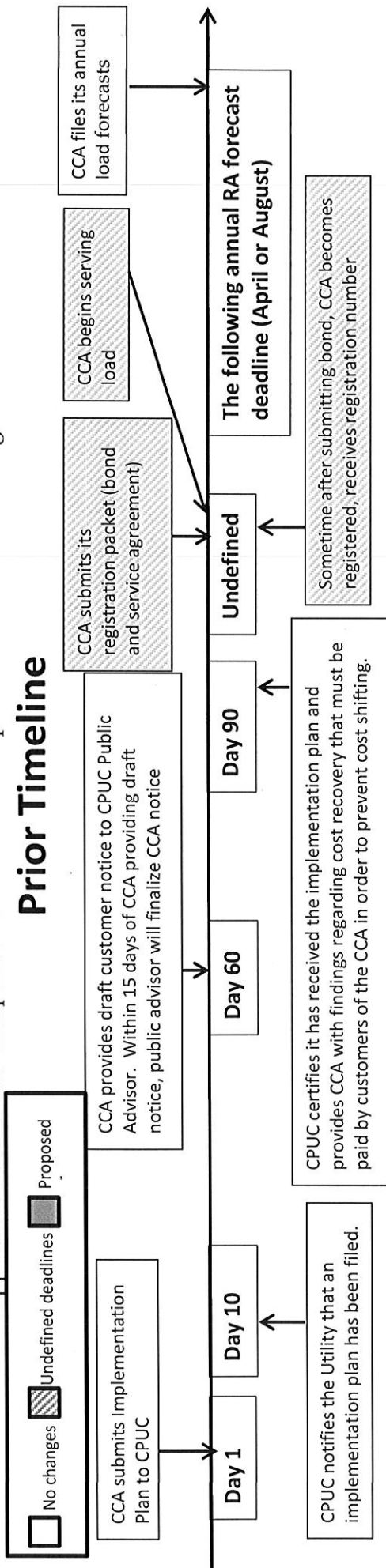
<sup>18</sup> For Plans to be submitted in 2018 to serve load in 2019, this deadline is extended to February 1, 2018.



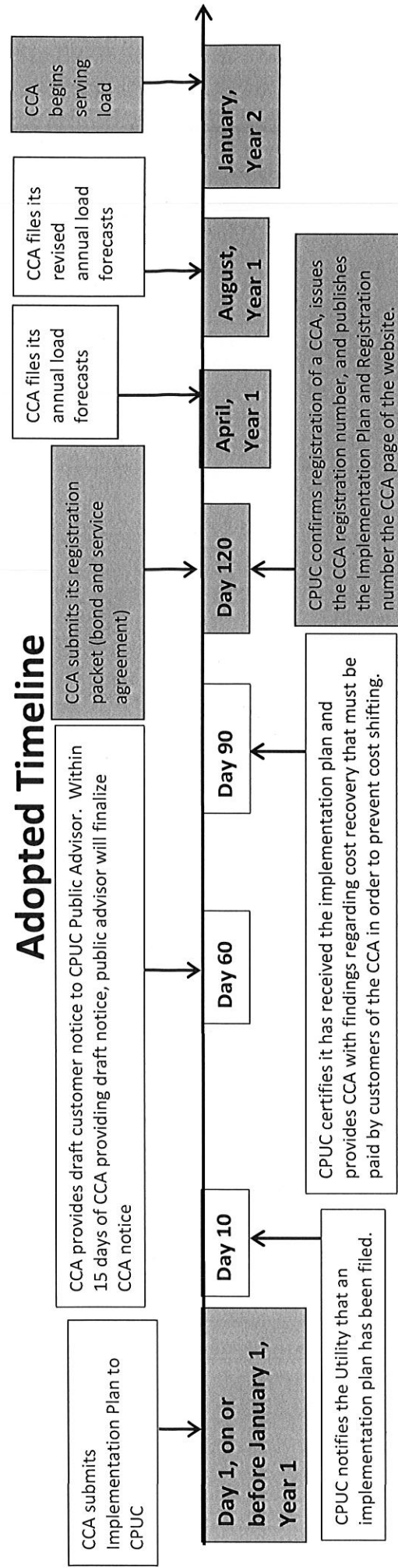
<b>DAY 1 – 90, Year 1</b>	(1) The CCA submits its registration packet to the CPUC, including: a. Signed service agreement with the utility, and b. CCA interim bond of \$100,000 or as determined in R.03-10-003
<b>Day 90 – 120, Year 1</b>	(1) If the registration packet is complete, the CPUC confirms Registration as a CCA.
<b>April, Year 1</b>	(1) The CCA submits its year ahead Resource Adequacy forecast (P.U. Code Section 380)
<b>August, Year 1</b>	(1) The CCA submits its updated year-ahead RA forecast
<b>October Year 1 (75 days before service commences)</b>	(1) CCAs submit their Monthly load migration forecast for the Resource Adequacy program, filed about 75 days prior to the compliance month.
<b>Within 60 days of the CCA's Commencement of Customer Automatic Enrollment</b>	(1) The CCA shall send its first notice to the prospective customers describing the terms and conditions of the services being offered and the customer's opt-out opportunity prior to commencing its automatic enrollment. (P.U. Code Section 366.2 (c) (13) (A))
<b>Within 30 days of the CCA's Commencement of Customer Automatic Enrollment</b>	(1) The CCA shall send a second notice to the prospective customers describing the terms and conditions of the services being offered and the customer's opt-out opportunity prior to commencing its automatic enrollment. (P.U. Code Section 366.2 (c) (13) (A)) (2) Once notified of a CCA program, the Utility shall transfer all applicable accounts to the new supplier within a 30-day period from the date of the close of their normally scheduled monthly metering and billing process. (P.U. Code Section 366.2 (c) (16))
<b>January 1, Year 2</b>	(1) CCA begins service.
<b>Following the CCA's Automatic Customer Enrollment</b>	(1) The CCA shall inform participating customers for no less than two consecutive billing cycles that:  a. They have been automatically enrolled into the CCA program and that each customer has the right to opt out of the CCA program without penalty. (P.U. Code Section 366.2 (c) (13)(A)(i).)  b. Terms and conditions of the services being offered. (P.U. Code Section 366.2 (c) (13)(A)(ii).)

Appendix B: Schematic Comparison of Prior and Adopted Timelines for CCA Registration Process

## Prior Timeline



## Adopted Timeline





**TO:** The Governing Board

**DATE:** January 8, 2018

**FROM:** Jenine Windeshausen, Executive Director

**SUBJECT:** PG&E Electric Energy Resource Recovery Account (ERRA) Proceeding

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### **ACTION REQUESTED**

Receive an update on the PG&E ERRA Proceeding related to PG&E's proposed rate increases for electric generation and PCIA. Provide direction, as may be required.

### **BACKGROUND**

Annually, the CPUC conducts the PG&E ERRA Proceeding related to PG&E's proposed rate increases. Historically, the proceeding is concluded by the end of December for rate increases to be effective on January 1 of each year. The rate increases include rate increases for electric generation and PCIA (Power Charge Indifference Adjustment<sup>1</sup>). PG&E proposes to increase electric generation rates between 4% and 6%, and to increase the PCIA by 14.4%. PG&E has requested to delay its rate increases, and to change the timing of the rate increases. At PG&E's request, the ERRA Proceeding has been delayed to January 11, 2018. The CPUC has already approved PG&E's request to delay increasing the PCIA to March 1, 2018, from January 1, 2018.

On December 11, 2017, after a public hearing, your Board approved a resolution setting rates for Pioneer customers at 3% below PG&E's current (2017) electric generation rates, net of PG&E surcharges (PCIA and FFS<sup>2</sup>). In anticipation of PG&E's ERRA proceeding and proposed rate increase, your Board also authorized the Executive Director to make the one-time adjustments necessary to ensure that Pioneer's rates remain at 3% less than PG&E's rates.

Analysis of the proposed electric generation and PCIA rate increases reflects that, if applied together, the two rate increases almost exactly offset each other. As discussed on December 11<sup>th</sup>, if the PCIA is increased first, it will cause Pioneer's net rates to be greater than PG&E's rates. Therefore, depending on the timing of the increases, it may require a one-time adjustment related to the PCIA rate increase, and a one-time adjustment related to the electric generation rate increase, to maintain Pioneer's rates at 3% below PG&E's rates.

### **FISCAL IMPACT**

There is no fiscal impact related to providing this update.

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<sup>1</sup> The PCIA (Power Charge Indifference Adjustment) is a fee charged to CCA customers to pay PG&E for electricity it purchased through long-term contracts on behalf of CCA customers, prior to their electricity being provided by a CCA.

<sup>2</sup> FFS \*Franchise fees (FFS) are intended to reimburse local governments for use of public rights-of-way and other public services. All ratepayers, whether served by a CCA or not, are subject to this fee.